File Code: 6320

Date: October 01, 2008

Mr. Steve Metheny, Exec. Vice President Carson Helicopters, Inc. 828 Brookside Blvd. Grants Pass, OR 97526

Dear Mr. Metheny.

RE: Contract No. AG-024B-C-08-9340—National Exclusive Use Large Fire Support Helicopter Services, Item No. 11 Hemet N61NH, Item No.12 Casitas N116AZ, Item No. 13 Van Nuys N612R, Item No. 16 San Bernardino N103WF.

CURE NOTICE

On September 30 we had helicopter N3173U reweighed and on October 1, 2008 we had helicopter N905AL weighed for quality assurance. The aircraft reweighing of N3173U indicated a -15 lb. weight difference then proposed and N905AL validated significant weight discrepancies of 655 lbs heavier. We have a major concern with the companies abilities to assure the aircraft weight is as stated in your proposal. The discrepancies positive or negative weight leads us to believe the Company does not know the actual weights of the aircraft. Our determination of weather to proceed with this contract or to terminate for cause may reflect our confidence in the company's abilities to assure quality assurance.

The results of the reweighing are as follows:

Aircraft	Bid Equipped Weight From Contract Award	Mutually Agreed to Additions to Bid Weight	Weight as Weighed in Redmond (9/26/2008)	Other Additions to "As Weighed" Weight	Subtractions to "As Weighed" Weight	Difference
N3173U	10837	0	10797	55	30	-15

The contract states the helicopters equipped weight shall remain at or below contracted equipped weight as bid. Please reference C-5 A.16 Aircraft Maintenance which states:

Caring for the Land and Serving People

Helicopter(s) under initially awarded contract(s) under this solicitation shall remain at or below contracted helicopter equipped weight as bid. Helicopters will be allowed 1% above the awarded contracted helicopter equipped weight during the contract option period(s). The aircraft's equipped weight is determined using weight and balance data which was determined by actual weighing of the aircraft within 24 months preceding

major repair or major alteration or change to the equipment list which significantly affects the center of gravity of the aircraft. If the government requires additional equipment after contract award no penalty will be assessed.

The discrepancies in the weights of the two recently weighed helicopters are significant enough to question the actual bid weights of the three remaining helicopters awarded under this contract. The remaining three helicopters will also be reweighed immediately and will be unavailable after they are weighed. The three helicopters (N116AZ-Casitas, N612RM-Van Nuys and N410GH San Bernardino) will be flown direct to the Forest Service facility in Redmond, OR. Do not have equipment removed or accomplish additional maintenance actions that will change the weight of the aircraft. Once at Redmond please have the necessary personnel and equipment to remove the water tank and snorkel, defuel the aircraft and configure it in accordance with the contract.

The costs for all reinspection will be made in accordance with C-23 B. Inspections During Use states: Should the inspections/tests reveal deficiencies that require corrective action and subsequent re-inspection, the actual costs incurred by the Government may be charged to the Contractor.

This cure notice is being issued as an opportunity to provide an explanation of why the helicopters are not meeting the contract equipped weights as per C-5 Aircraft Maintenance. Carson Helicopters has 10 calendar days from receipt of this notice to provide an explanation. We will review your documentation and the results of the weighing and make the decision to continue or terminate